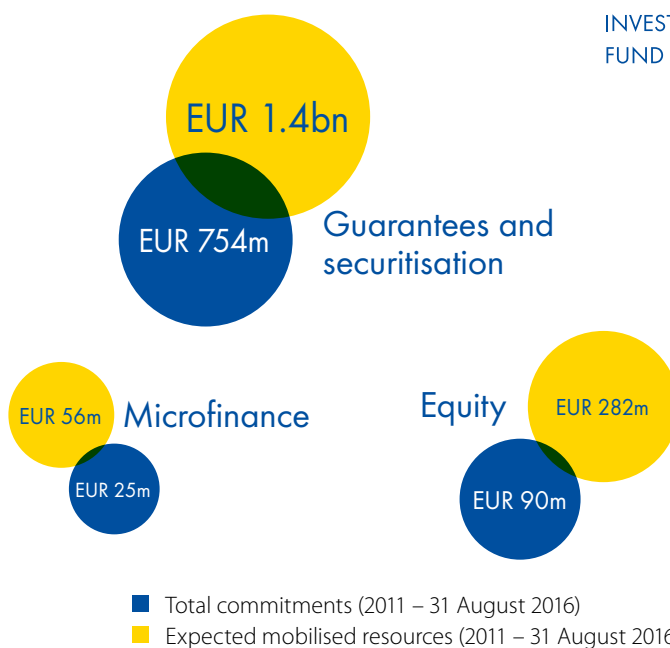


EIF in Portugal



Key figures (at 31.08.2016)

- First EIF operation in Portugal: 1998
- 12 Portuguese private equity funds investing in SMEs
- 18 partner finance and guarantee providers
- Over 3 600 Portuguese SMEs supported

Guarantees and securitisation

Under the InnovFin SME Guarantee Facility (InnovFin SMEG), with the support of the European Fund for Strategic Investments (EFSI), EIF has signed several portfolio guarantee agreements with Portuguese financial intermediaries – namely Banco Internacional do Funchal (Banif), Banco Comercial Português (Millennium bcp), Banco Português de Investimento (Banco BPI) and Novo Banco. The overall guarantee amount of EUR 310m provided by EIF is expected to mobilise total investments of EUR 620m with the aim to increase lending to innovative small and medium-sized enterprises (SMEs) and small mid-caps in Portugal.

In previous years, EIF signed portfolio guarantees with various intermediaries under the Competitiveness and Innovation Programme (CIP) and the Risk Sharing Initiative (RSI).

Under CIP, EIF signed agreements with Fundo de Contragarantia Mútuo (FCGM), which allowed them to counter-guarantee four mutual guarantee institutions, which in turn allowed local banks to increase their lending volumes. This has helped to generate a new portfolio of SME loans worth approximately EUR 200m over a three year period, benefitting more than 500 Portuguese businesses.

Under RSI, EIF signed agreements with both Banco BPI and Banco Espírito Santo, which has provided innovative SMEs and small mid-caps in Portugal a total loan amount of EUR 320m at favourable conditions.

Equity

To support entrepreneurship in Portugal, EIF has designed a broad number of financial products and initiatives to cover a wide range of the equity spectrum, including early and late-stage growth capital, replacement capital, and mezzanine funding.

Among the initiatives is the Portugal Venture Capital Initiative (PVCi). PVCi, Portugal's first ever dedicated fund of funds totalling EUR 111m, was launched in cooperation with the Portuguese Ministry of Economy and Ministry of Finance, and with prominent co-investors such as Banco BPI, Banco Espírito Santo, Banif, Banco Santander Totta, Barclays Bank PLC, Caixa Geral de Depósitos, Millennium bcp, Gulbenkian Foundation and Montepio.

Through PVCi, investments were made in Explorer III, Fundo Inter-Risco II, OxyCapital Mezzanine Fund, Vallis Sustainable Investments I, HS Capital, SC I Private Equity Fund and Pathena Fund.

EIF at a glance

The European Investment Fund (EIF) is Europe's leading risk finance provider for small and medium-sized enterprises (SMEs) and mid-caps, with a central mission to facilitate their access to finance. As part of the European Investment Bank (EIB) Group, EIF designs, promotes and implements equity and debt financial instruments which specifically target the needs of these market segments.

In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment. EIF manages resources on behalf of the EIB, the European Commission, national and regional authorities and other third parties. EIF support to enterprises is provided through a wide range of selected financial intermediaries across Europe. Since its inception in 1994, EIF has supported over 1.8 million SMEs.

EIF is a public-private partnership whose tripartite shareholding structure includes the EIB, the European Union represented by the European Commission and various public and private financial institutions from European Union Member States and Turkey.

Banco BPI belongs to EIF shareholders in Portugal.

For further information visit www.eif.org.

Case study

Microfinance

Under the European Progress Microfinance Facility (EPMF), EIF has cooperated with Banco Espírito Santo, Credito Agricola and Millennium bcp to support micro-businesses and self-employed individuals. Most recently, EIF signed a new agreement with Millennium bcp, under the Employment and Social Innovation (EaSI) Programme, bringing the total expected mobilised microfinance resources to EUR 56m.

Established in 2009, Critical Materials is a small company based in Guimarães that focuses on the development of solutions and products in critical applications of material systems and structures. In simple words, this means the company develops sophisticated software that allows its clients to monitor structural elements of, for example, wind turbines.

By offering a combination of approaches across materials, software and hardware, Critical Materials' services can analyse data in a variety of industries including Aeronautics, Space, Defense, Energy and Infrastructures. The true power of the company lies in providing prognostic and diagnostic information that can be used to improve performance, reduce maintenance costs and avoid accidents.

To further innovation, Critical Materials developed PRODDIA, the company's international innovative star-product based on patented proprietary technology. The product constitutes a structural systems health management tool that evaluates the material condition and structural integrity of critical components in aircraft, wind turbines and complex infrastructures.

Looking ahead, Critical Materials, a company of 25 employees wants to continue to invest in PRODDIA and grow its engineering team accordingly. For this reason the company needed financing, which it received from an EU-guaranteed loan backed by the EIF through their long-standing partner, Millennium BCP. The EU-support for this loan came under the European Fund for Strategic Investments.

The loan has allowed Critical Materials to accelerate the company's growth and intensify the development of their products. At the same time it has allowed the company to focus more on the business development side of the company. As the company's CEO, Gustavo Rodrigues Dias puts it, "the support from the EU has allowed us to consolidate our position in the market and start work on growing the company, both in terms of improving our products and in terms of reaching out to new clients beyond the EU."



Company:
Critical Materials

Type of business:
Engineering (structural health management)

EU-supported investment through
InnovFin SMEG

European Investment Fund

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